

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.

S. 2909

To require closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. MERKLEY

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rebuilding Equity Act
5 of 2012”.

6 **SEC. 2. REBUILDING EQUITY PROGRAM.**

7 (a) IN GENERAL.—

8 (1) VOLUNTARY PROGRAM.—The Federal Na-
9 tional Mortgage Association and the Federal Home
10 Loan Mortgage Corporation (in this Act referred to
11 collectively as the “enterprises”) shall each establish

1 a voluntary program for borrowers described in
2 paragraph (2), under which the enterprise shall pay
3 for the closing costs associated with applying for and
4 receiving the refinancing when the borrower agrees
5 to refinance into a fully amortizing loan with a term
6 of not longer than 20 years.

7 (2) ELIGIBLE BORROWERS.—The program re-
8 quired by paragraph (1) shall be for any borrower—

9 (A) who qualifies for the Home Affordable
10 Refinance Program carried out by the enter-
11 prises;

12 (B) whose subject property has a loan-to-
13 value ratio of not less than 105 percent; and

14 (C) who refinances from a loan with an
15 original term of 30 years to a loan with a term
16 of 20 years or less.

17 (b) LOAN LEVEL PRICE ADJUSTMENTS PER-
18 MITTED.—The enterprises may charge the qualified lender
19 a loan level price adjustment for each loan made pursuant
20 to this section equal to no more than _____ basis points

21 (c) DEFINITIONS.—As used in this section, the fol-
22 lowing definitions shall apply:

23 (1) LOAN-TO-VALUE RATIO.—The term “loan-
24 to-value ratio” means the ratio of the amount of the

1 primary mortgage on a property to the value of that
2 property.

3 (2) CLOSING COSTS.—The term “closing
4 costs”—

5 (A) means all reasonable and actual costs
6 charged to the borrower by a third party to the
7 refinancing transaction;

8 (B) includes—

9 (i) appraisal and inspection fees;

10 (ii) fees associated with obtaining a
11 borrower’s credit report;

12 (iii) title insurance and title examina-
13 tion costs;

14 (iv) attorneys’ fees associated with
15 closing the transaction, other than attor-
16 neys’ fees associated with disputes arising
17 out of the transaction or otherwise ancil-
18 lary to closing the transaction;

19 (v) document preparation costs, if
20 completed by a third party not controlled
21 by the lender;

22 (vi) transfer stamps, recording fees,
23 courier fees, wire transfer fees, and re-
24 conveyance fees; and

25 (vii) test and certification fees; and

- 1 (C) does not include any costs charged to
2 the borrower by the lender, including—
3 (i) lender application fees; and
4 (ii) lender origination fees.